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RECEIVED

USWEST

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FEDERAL COMMUNICATIONS COMMISSION
 OFFICE OF SECRETARY

May 16, 1996

Ms. Lisa Sockett, Esq.
 Policy and Program Planning Division
 Federal Communications Commission
 1919 M Street, NW, Room 544
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Post-It® Fax Note	7671	Date	5-16-96	# of pages	4
To	Lisa Sockett	From	Dan Poole		
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RE: Alarm monitoring services

DOCKET FILE COPY ORIGINAL

Dear Ms. Sockett:

You have requested US WEST to provide its views on whether its present alarm monitoring services, Scan-Alert and Versanet, constitute alarm monitoring services under the Telecommunications Act of 1996 and Section 275 in particular. It is the position of US WEST that both of these services should be categorized as alarm monitoring services under this section.

As described in Elridge Stafford's May 9, 1996 letter to Rose Crellin, these services are provided by US WEST in several states today. Mr. Stafford's description of the services is accurate. I will briefly summarize the Scan Alert service description that is relevant to your question. For purposes of this analysis I have focused on the operation of Scan Alert; I do not believe the factual differences with Versanet (an enhanced service) and the use of spread spectrum technology and equipment effect the legal issues related to the definition of an alarm monitoring service.

Summary of the Facts

U S WEST Communications currently offers a tariffed intrastate service called Scan-Alert in Washington, Oregon, and Arizona. USWC offered Scan-Alert in these states prior to November 30, 1995. Versanet is offered pursuant to a waiver of the FCC rules and is currently available in Arizona, Colorado, Idaho, Iowa, Minnesota, Nebraska, New Mexico, Utah and Wyoming. Versanet was also offered in these states prior to November 30, 1995.

Scan-Alert is provided over the switched network. It is used by alarm monitoring companies to monitor the environment of residence and business locations for burglary, fire, or life safety events. Other uses include monitoring environmental conditions (greenhouses and retail freezers). USWC provides telecommunications transport service to alarm monitoring companies who resell the monitoring service to the end user (called a patron)

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USWC connects the patron's premises to central office monitoring equipment (scanner) via a derived channel on a standard basic exchange line (e.g., 1FB, 1FR, etc.). The scanner connects with a USWC message switch that is frequently remotely located that performs a portion of the monitoring function. The alarm monitoring company is also connected to the scanner

through the USWC messaging switch. Currently, the alarm monitoring company is connected with the messaging switch via a private line facility

The scanner polls the CPE (the subscriber's terminal unit) (STU) at the patron's premises to determine the status of the protected premises. If there is no response from the patron's STU or if the STU acknowledges an event at the patron's premises, the scanner transmits the information to the messaging switch and the data is then sent to the alarm monitoring company. The alarm monitoring company can then notify the patron of an event at the patron's premises. Current patrons are banks, jewelry stores, warehouses, grocery stores, shopping malls, homeowners, and other businesses.

Ordinarily, the monitoring service has been equipped over analog basic exchange lines (e.g., 1FB, 1FR, etc.). In some areas the patron's basic exchange facilities were not analog. In such cases USWC has been offering an "alarm only line" option. When analog facilities are used for the patron's basic exchange service, the Scan-Alert is provided over a derived channel on the analog facility which also permits the patron to use the basic exchange line to make or receive calls. With the "alarm only line" option, the line is only available for the monitoring service and the patron cannot use the line to make or receive calls. USWC is planning to no longer offer the "alarm only line" option because the service is being modified by the vendor to work on lines other than analog. The alarm company may choose to be billed for the US WEST portion of the monitoring service or may choose to have USWC directly bill the charges to the patron.

Competitive alarm monitoring companies operate whereby their scanning equipment is located at a place of the alarm company's choosing but not on USWC's premises. The alarm monitoring company has a number of alternatives to obtain transport between the patron's and its own premises. These alternatives include, but are not necessarily limited to, (1) the use of existing proprietary wireless technology, which is provided by a non-U S WEST entity and does not use the USWC public switched network but at times might involve the use of a USWC private line facility to connect an antenna site and the alarm company's premises; (2) the use of certain existing private line services, such as Dataphone Select-a-Station, D.C. (Direct Current) Channels, and McCulloh loops; and (3) Versanet Service, which uses a derived channel on the patron's basic exchange line if the facility is metallic (which is becoming more obsolete). The competitive provider does have another alternative which, like Scan-Alert, permits use of the patron's basic exchange line to perform the monitoring function but, unlike Scan-Alert, does not permit the patron to also use the line to make and receive calls

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Analysis

Section 275(e) of the Telecommunications Act of 1996 (the "Act") defines an alarm monitoring service:

The term alarm monitoring service means a service that uses a device located at a residence, place of business, or other fixed premises

- (1) to receive signals from other devices located at or about such premises regarding a possible threat at such premises to life, safety, or property, from burglary, fire vandalism, bodily injury, or other emergency, and
- (2) to transmit a signal regarding such threat by means of transmission facilities of a local exchange carrier or one of its affiliates to a remote monitoring center to alert a person at such center of the need to inform the customer or another person or police, fire, rescue, security, or public safety personnel of such threat,

but does not include a service that uses a medical monitoring device attached to an individual for the automatic surveillance of an ongoing medical condition (emphasis added).

Section 275(a) of the Act prohibits a Bell Operating Company from engaging in the provision of alarm monitoring services for a period of 5 years after the enactment of the Act, unless it was engaged in providing the service as of November 30, 1995. The Act also prohibits a Bell Operating Company from acquiring any equity interest in, or obtaining financial control, of any unaffiliated alarm monitoring service entity for 5 years. If a Bell Operating Company was engaged in providing alarm monitoring service as of November 30, 1995, the Act permits the BOC to exchange customers for the customers of an unaffiliated alarm monitoring company.

The Congressional history indicates that the purpose of this Section is two-fold:¹ It is designed to prohibit BOCs, who are not providing alarm monitoring services, from engaging in the provision of such services for 5 years and it is designed to prohibit BOCs who are in the business from growing their business by purchasing the assets or customer accounts of other alarm monitoring companies for 5 years.

Is Scan-Alert an alarm monitoring service as defined by the Act? USWC receives signals at a fixed location from CPE located at the patron's premises regarding a possible threat at the premises. USWC processes those signals utilizing its scanning equipment and messaging switch and transmits the information to alert a person (the alarm monitoring company personnel) of the need to inform the customer of such threat. This is the definition of an alarm monitoring service in the Act and Scan-Alert meets that definition. USWC was providing Scan-Alert as of November 30, 1995; therefore, it is not prohibited by the Act from offering this alarm monitoring service. USWC does not sell Scan-Alert directly to end user patrons. It sells the service to alarm

¹ Congressional Record at S689 (Feb. 1, 1996).

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monitoring companies who resell the service to patrons. The Act does not prohibit or limit USWC in doing so.

In the future USWC will offer Scan-Alert exclusively via a derived channel on the patron's existing basic exchange line (e.g., 1FB, 1FR, etc.) This allows the patron to continue to use the same line to make and receive calls as well as for monitoring purposes. Competitive alarm monitoring companies who utilize their own scanner and monitoring equipment can also use the patron's existing basic exchange line to receive signals from the patron's premises.

If you should have any questions about this opinion, please feel free to contact me.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Dan L. Poole", with a stylized flourish at the end.

Dan L. Poole

cc: Elridge Stafford